

Enclosure B

COUNTY RESPONSE COVER PAGE – MUST BE FULLY COMPLETED AND SUBMITTED WITH PLAN AND DATA

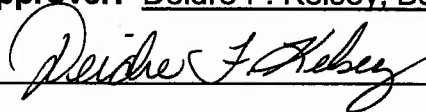
Merced County is requesting participation in the Enhanced Anti-Fraud Program and will submit a Plan and Data as described above, by November 1, 2009.

Board of Supervisor Approval

Approved on October 27, 2009, by the County Board of Supervisors

Name of Approver: Deidre F. Kelsey, Board Chairman

Signature: _____

 OCT 27 2009

Name of County District Attorney Representative: Larry D. Morse II, District Attorney

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Enclosure C

MERCED COUNTY PLAN COMPONENTS

IHSS OVERPAYMENTS/UNDERPAYMENTS

The In-Home Supportive Services (IHSS) Unit within the Merced County Human Services Agency (HSA) currently has the following procedures for identification of overpayments/underpayments:

Overpayments and underpayments are identified by the Social Worker, IHSS Payroll staff, providers, or recipients. Once an overpayment is identified, the provider is contacted and arrangements are made for repayment. The Department of Health Care Services (DCHS) is notified via the medical complaint form, if the overpayment amounts to more than \$400. Once an underpayment has been verified, a special transaction is completed to produce a supplemental payment.

Historical data on overpayments/underpayments as identified by IHSS Quality Assurance (QA) from 2004 to the present can be found on Enclosure D. The data in the Overpayment/Underpayment tables are subdivided by those payments identified by either dedicated QA staff or non-QA payroll technicians (MISTs) due to the separation of data tracking. Additionally, the data in the Fraud Referrals/Outcomes and Utilization of County DA Fraud tables are not available, due to the fact aggregate data is not verifiable due to lack of tracking.

Under the new IHSS Fraud efforts, the Merced County District Attorney's Office (DAO) will coordinate on the calculations for all instances of fraud investigation-based overpayments. The DAO will also track and report, as required, the enforcement of fraud-based IHSS provider deductions, Court Ordered restitution (including fees, fines and penalties) and Prosecution Diversion Program (PDP) fraud collections.

FRAUD REFERRALS/OUTCOMES

An IHSS Fraud Policy and Procedure Guide will be developed for this program between the HSA and the DAO.

The Policy and Procedure Guide will set forth a common goal/program integrity statement, give a definition of fraud and explain the sources of fraud referrals. The Guide will set out the specific referral process from the IHSS unit, along with DAO procedures for receiving IHSS fraud referrals from sources outside of the IHSS unit.

Uniformity in documenting suspected fraud and program integrity will be achieved by use of the IHSS Fraud Reporting Form (IHSS F-1) for the IHSS unit, and for the initial referral from other sources. Within the IHSS unit, the reporting party will complete the IHSS F-1, then submit it to the Supervising Social Worker (SSW) for review. The SSW will then forward the fraud referral to DAO's IHSS

Fraud Prevention Unit. Copies of fraud referrals should be maintained in the IHSS case file. The DAO will eventually incorporate IHSS F-1 fraud report information into their established case assignment, tracking, management and collections systems.

DAO procedures for IHSS fraud investigation will be also set forth in the Guide. Communication among DAO and IHSS staff is paramount in establishing program integrity.

The Guide will set forth procedures for statistical data collection by the IHSS unit and DAO. The data collected will be forwarded to the Department of Health Care Services (DHCS) on a regular basis.

DAO will collect data on all referrals including the number of fraud referrals and their sources, number of referrals assigned, the number completed, the number banked (pending assignment) and the status of each referral. DAO will also maintain prosecution statistics and case statistics of referrals assigned to the PDP. DAO will maintain records of all collections and restitutions obtained by Court Order (including fines and penalties assessed), IHSS-collected deductions and the monies collected via the PDP. DAO will also collect data as required in establishing a county baseline for outcome comparison post July 2010.

COLLABORATION AND PARTNERSHIPS WITH DISTRICT ATTORNEY'S OFFICE (DAO)

The Merced County Human Services Agency (HSA) and the Merced County District Attorney's Office (DAO) have been partners in welfare fraud prevention, investigation and prosecution for approximately 13 years. The DAO took over the investigation of Food Stamp and CalWORKs fraud complaints in 1996. Also, under contracts to provide investigative services and client background checks (early fraud), the Housing Authority of the County of Merced (HACM) and DAO have been partners in prevention, investigation and prosecution for housing assistance fraud since 2003.

Very early on in the DAO's investigations of fraud complaints, we found that public assistance fraud does not happen in a vacuum. People willing to commit fraud against one public assistance program, were highly likely to be committing fraud against all other assistance programs from which they were receiving aid.

The following recent investigation is a good example of fraud crossing public assistance agencies and programs:

John and Jurline were receiving food stamps and cash aid under separate cases. DAO received an unreported income referral alleging John did not report his IHSS income to the Merced County Welfare Department. A quick investigation revealed more fraud than just unreported income. John's payroll history from IHSS proved that he was a provider for two different

recipients (Jurline and Aline). John provided a different home address to IHSS than he did on his welfare application. Investigators found John and Jurline living at the same (welfare reported) address. Jurline's welfare application showed a "niece" living with her and John. When investigators confronted John and Jurline, although found living in the same house, they claimed to be "just friends." They said they were not married and had no children together. A check of the County Recorder's files showed a marriage license on file for John and Jurline. A check of school registration has John and Jurline listed as being the parents of a female student. The home address John gave to IHSS did not exist.

Partnerships that have already been developed between DAO and public assistance agencies has led to successful fraud referral protocols, strengthened communication and commitment between the partners. As shown in the above example, most importantly the partnerships achieve greater levels of cooperation between public agencies that allow for better identification and prevention of public assistance fraud in Merced County. IHSS fraud investigation is a natural, and logical, next step in Merced County's efforts to curtail public assistance fraud.

Inclusion of the IHSS unit into the existing DAO's partnerships will enhance that program's integrity by providing regular training for SWs and other IHSS staff in fraud detection and prevention, as well as the DAO staff in IHSS program specifics.

COUNTY COLLABORATION AND PARTNERSHIPS WITH CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES (DHCS) AND THE CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (CDSS)

To date, fraud contact with DHCS has primarily involved the SW referring cases of fraud to DHCS for investigation. This process consisted of the SW completing the MC 609 Form and attaching supporting documentation. The SW supervisor then reviewed the documentation for a preliminary determination of fraud. If fraud was still suspected, the supervisor would then forward the IHSS fraud referral and supporting documentation to the DHCS Investigation Section, in Fresno, CA, for investigation. Several successful prosecutions resulted from these efforts.

MECHANISM FOR TRACKING/REPORTING

The IHSS unit, in collaboration with the DAO, will track fraud referrals and commit to report outcomes of its efforts to DHCS and CDSS as requested.

COUNTY'S CURRENT AND PROPOSED ANTI-FRAUD ACTIVITIES

HSA, in collaboration with DAO, has established successful welfare fraud detection, prevention, collections and prosecution programs. Including an IHSS

Fraud component into our current collaborative efforts will begin with the acceptance of this proposal.

Current Activities

Currently, the IHSS payroll supervisor keeps a record of provider overpayments on an Excel spreadsheet. Pages will be added for program and QA-discovered fraud. The spreadsheet will be placed on a common drive to allow Payroll, QA and Program Staff to update the spreadsheet. The spreadsheet will include information regarding when the case was referred to DHCS or the District Attorney. Staff will meet with DHCS and the Medi-Cal Fraud investigator as needed. A determination of the status of the referral will be entered on the spreadsheet (e.g. rejected for investigation, accepted for investigation, request for additional information, etc.). If the referral is rejected, the reason for rejection will be noted on the spreadsheet. When DHCS has completed their follow-up on the case, the date and results of DHCS action will be entered on the spreadsheet (prosecuted, plea bargained, etc).

Most of IHSS's pursuit of overpayment collection is done by the Payroll Supervisor who alerts providers to potential overpayments. The Supervisor reminds them that fraudulent activity is generally referred to DHCS-DOJ or the DA's Office. However, if the overpayment was made due to an error, the Supervisor offers the provider the opportunity to pay the money back.

SWs also refer cases for fraud investigation to DHCS. The SW completes the MC 609 Form and attaches supporting documentation. The supervisor reviews the documentation with staff and determines whether the referral is valid. The IHSS supervisor maintains a referral log. If the case is determined to be fraud, the IHSS fraud referral and supporting documentation is forwarded for investigation. The state investigator sometimes comes into the office to review the case.

Proposed Activities

This new IHSS fraud prevention partnership will be staffed with a DAO investigator and one Fraud Technician (FT).

The FT's duties will be mostly administrative, and include aspects of IHSS program integrity, reporting, overpayment calculations and some IHSS fraud case administrative/case-management functions. The FT duties will include cross checking of fraud referrals against other public assistance programs, and conducting various computer-based fraud identification matches (jail matches for providers/recipients, death matches, hospitalization/TARS reports, out-of-county provider matches, etc). The FT will work with Quality Assurance (QA) staff to review the Over 300-Hour Report. All providers working more than 300 hours will be reviewed for fraud indicators. The FT will also be tasked to provide requested local information to other IHSS staff as requested. Additionally, the FT will be assigned to track the enforcement of fraud-based IHSS provider

deductions, Court Ordered restitution (including fees, fines and penalties) and PDP fraud collections. The FT will be housed within the DAO's Investigations Unit.

Currently, DAO provides regular welfare fraud and indicators of fraud training to HSA personnel. Because of this training, HSA refers suspected fraud cases to the DAO. The referral process used by HSA was developed and amended during the course of the C-IV program development, and includes specific Policy and Procedure Guides setting forth the fraud referral procedures for HSA and the DAO. Similar policies and guidelines will be implemented for IHSS Fraud referrals.

Additionally, the DAO receives welfare fraud referrals from other agencies (DCHS, other police agencies, etc.), as well as from the public through our DAO website and via a well-established "Fraud Hotline" telephone system. Suspected IHSS fraud reporting will easily be included into these existing systems.

In order to share relevant information with DCHS, the FT will be tasked to prepare and forward reports to the regional DCHS office for their information/review under previously established guidelines. Additionally, regional DCHS staff will be invited to attend long-established quarterly HSA/DAO fraud working group meetings.

COUNTY PROPOSED BUDGET FOR UTILIZATION OF FUNDS

See Attachment A

DESCRIPTION OF HOW THE COUNTY WILL INTEGRATE OTHER PROGRAM INTEGRITY EFFORTS INTO THE PLAN

The core of the IHSS Fraud Prevention Team will consist of a District Attorney Investigator (DAI) and a Fraud Technician (FT), but in the broadest sense the IHSS Fraud Prevention Team will incorporate all IHSS staff, the DAO's investigations unit, and DCHS investigators, IHSS providers and recipients. In the broadest terms, these many elements are all necessary for public assistance fraud prevention and for maintaining the program integrity of IHSS.

It is essential for core team members to be trained by regional DCHS staff, IHSS Social Workers, Supervisors and the MIST in program mechanics and eligibility issues. These discussions should help to identify and reduce incidents of overpayment and underpayment early in case management. This will lead to cross training between the investigations team and IHSS staff in fraud identification and prevention, as well as keeping DCHS "in the loop" by sharing information on fraud activity in Merced County.

The DAI will train the SW to identify fraud indicators. Communications between the DAI and FT and the regional DHCS investigators will help to identify Medi-

Cal Fraud Indicators in the IHSS fraud cases. Finally, the DAI and prosecutors can train team members to understand the elements of fraud and court procedure.

Through the DAO's Investigations Unit, the team will be providing outreach and training to other departments within HSA, the Housing Authority, and other County agencies that touch upon the IHSS system, and/or public assistance fraud in general.

IHSS and Public Authority are expecting significant changes will need to be implemented in their current operations based on CDSS requirements for provider enrollment, criminal background checks, Live Scan and orientations. They anticipate that all current paid providers will have until 7/1/2010 to complete the new provider process. Any new providers that want to start working for a current recipient or potential providers that want to enroll on the Public Authority Registry will have to complete the proposed process before they are eligible to become a paid provider. Merced County has about 2,500 current providers. We enroll monthly about 150-250 new providers to work with current recipients, and Public Authority has about 50-100 potential providers that want to enroll on the Registry. Current plans are to schedule 2 to 3 days per week for the provider orientation. The orientation will probably be 1.5 – 2 hours in length, but this will depend on the CDSS Orientation. The IHSS Fraud Prevention Team will participate in these orientations as needed by IHSS/Public Authority.

The IHSS Fraud Prevention Team, along with IHSS supervisor(s), will also participate in the quarterly DAO/HSA trainings/roundtable discussions on public assistance fraud. At these meetings, participants will review lines of communication, forms, processes, policies, etc., within the public assistance fraud arena, including IHSS fraud, in order to identify shortcomings, make improvements, etc. This working group should also include a DHCS representative as needed.

ANNUAL OUTCOMES REPORT

Merced County HSA will provide an annual Outcomes Report by August 1 of each year. This report will provide information gathered from the IHSS Fraud Prevention Team that identifies the team's activities, and shows data and outcomes associated with the County's efforts to mitigate, prevent, detect, investigate and prosecute IHSS fraud during the previous fiscal year.

Attachment A
Proposed Budget for Utilization of Funds

Item	Amount	Total
<u>Personnel:</u>		
Management Information Systems Technician I		
Salary =	\$20,343	
Benefits =	\$20,793	
Subtotal =	\$41,136	
Welfare Investigator II		
Salary =	\$34,363	
Benefits =	\$24,145	
Subtotal =	\$58,508	
Social Worker (.10 FTE)	\$24,803	
Total Salaries & Benefits =		\$124,447
<u>Operating Expense:</u>		
Communications-County billing	\$1,951	
Household Expense	\$934	
Insurance-General Liability	\$3,350	
Maintenance-Equipment	\$62	
Maintenance-Structure, Improvements & Gr.	\$74	
Membership	\$15	
Office Expense-General	\$1,872	
Office Expense-Postage	\$150	
Professional & Special Services-Data Processing	\$3,254	
Rents & Leases-Structure, Improvements & Gr.	\$7,836	
Small Tools & Instruments	\$1,000	
Special Department Expense-Other	\$100	
Transportation & Travel-County Vehicle	\$7,038	
Travel In-State	\$960	
Total Operating Expense =		\$28,596
Total Proposed Plan Budget =		\$153,043

Enclosure D**Data Reporting Spreadsheet**County: Merced

Overpayments Identified by County QA		04/05	05/06	06/07	07/08	08/09
Total Amount Per Fiscal Year				\$3,935.80	\$5,513.15	\$3,446.36
Number of Instances				31	33	13
Breakdown of Causes	Provider					
	Recipient			31	33	13
	County Error					
	Unknown					
	Other					

Underpayments Identified by County QA		04/05	05/06	06/07	07/08	08/09
Total Amount Per Fiscal Year				\$2,236.99	\$1,131.86	\$554.82
Number of Instances				20	14	6
Breakdown of Causes	Provider					
	Recipient			20	14	6
	County Error					
	Unknown					
	Other					

Overpayments Identified by MISTs		04/05	05/06	06/07	07/08	08/09
Total Amount Per Fiscal Year		\$5,165.31	\$2,027.83	\$1,406.65	\$1,683.59	\$6,044.69
Number of Instances		27	25	21	11	9
Breakdown of Causes	Provider	27	25	21	11	9
	Recipient					
	County Error					
	Unknown					
	Other					

Underpayments Identified by MISTs		04/05	05/06	06/07	07/08	08/09
Total Amount Per Fiscal Year						
Number of Instances		326	232	240	461	417
Breakdown of Causes	Provider	305	216	218	440	390
	Recipient					
	County Error	21	16	22	21	27
	Unknown					
	Other					

Enclosure D
Page Two

Fraud Referrals/Outcomes		04/05	05/06	06/07	07/08	08/09
Number of referrals to DHCS:		N/A	N/A	N/A	N/A	N/A
Number handled locally by DA:						
Number of convictions:						
Court Ordered Restitution:						
Amount of funds involved in the convictions:						
Amount of funds recovered:						
Amount of funds pending recovery:						
Basis for the Conviction:						
Individual Responsible	Recipient:					
	Provider:					
	County Staff:					
	Other:					
	Unknown:					

Utilization of County DA for Fraud		04/05	05/06	06/07	07/08	08/09
Documented referrals to DA*		N/A	N/A	N/A	N/A	N/A
Outcomes	Accepted:					
	Rejected:					
	Pending:					
	Completed Investigation					
	No Fraud:					
	Restitution Action:					
	Referred for Prosecution:					
	Criminal Charges Filed:					
	No Charges Filed:					
	Convictions:					
	Acquittals:					
	Dismissals:					
	Pending Investigation:					
	Restitution					
	Court Ordered:					
	Restitution Action:					
	Fines					
	Prosecutions Completed					
	Convictions					
	Misdemeanor:					
	Felony:					

Budget Justification

Merced County's Fraud Funding Plan for FY 2009-10

Budget Section	Total
A. Personnel Costs (includes employee benefits)	\$ 118,696
B. Operating Expenses	\$ 28,596
C. Equipment Expenses	\$ 0
D. Travel/Per Diem and Training	\$ 0
E. Subcontracts and Consultants	\$ 0
F. Other Costs	\$ 0
G. Indirect Expenses	\$ 5,751
Total Expenses	\$ 153,043

A. Personnel Costs (including employee benefits)	Total Budget
<p>Title: Extra Help DA Investigator FTE 1.0</p> <p>Salary Calculation: FY Salary (\$29,432) + Benefits (\$4,060)</p> <p>Duties Description: Works in the State of the art Fraud Unit. Investigates IHSS fraud. Works overtime as needed. Uses connections with Dept of Justice and Homeland Security to identify and record all IHSS fraud. Works side by side with District Attorney and local police to bring fraud suspects to justice. Provides court testimony on behalf of IHSS fraud unit. Devotes 100% of time to IHSS fraud plan implementation and investigation activities.</p>	\$ 33,492
<p>Title: Extra Help DA Investigative Assistant FTE 1.0</p> <p>Salary Calculation: FY Salary (\$21,299) + Benefits (\$2,715)</p> <p>Duties Description: Assists the Extra Help DA Investigator in Fraud Unit. Assist in Investigating IHSS fraud. Works overtime as needed. Uses connections with Dept of Justice and Homeland Security to identify and record all IHSS fraud. Works side by side with District Attorney and local police to bring fraud suspects to justice. Provides court testimony on behalf of IHSS fraud unit. Devotes 100% of time to IHSS fraud plan implementation and investigation activities.</p>	\$ 24,014
<p>Title: Management Information Systems Technician II (MIST) FTE 0.25</p> <p>Salary Calculation: FY Salary + Benefits = \$13,000</p> <p>Duties Description: The duties include all aspects of IHSS program integrity, reporting, overpayment calculations and IHSS fraud case administrative / case management functions. Cross checking of fraud referrals against other public assistance programs, conduct various computer based fraud identification programs, work with quality Assurance staff to review the over 300 hours report. Track the enforcement of fraud based IHSS provider deductions. Prepare and forward monthly progress reports for management to review and reports in compliance with the regulations.</p>	\$ 13,000
<p>Title: Supervisor (0.25 FTE)</p> <p>Salary Calculation: Total Salary + Benefits = \$35,000</p> <p>Duties Description: Supervise all aspects of IHSS program integrity & Provide referrals for potential fraud cases. Cross checking of fraud referrals against other public assistance programs, conduct various computer based fraud identification programs, work with quality Assurance staff to review the over 300 hours report. Track the enforcement of fraud based IHSS provider deductions. Forward monthly progress reports for management to review and reports in compliance with the regulations.</p>	\$ 35,000

Title: Supervisor DA Investigator - FTE 0.15	\$ 13,190
Salary Calculation: Total Salary + Benefits = \$13,190	
Duties Description: Supervise the Extra Help DA Investigator in Fraud Unit. Supervise in Investigating IHSS fraud. Works overtime as needed. Uses connections with Dept of Justice and Homeland Security to identify and record all IHSS fraud. Works side by side with District Attorney and local police to bring fraud suspects to justice. Provides court testimony on behalf of IHSS fraud unit. Devotes 100% of time to IHSS fraud plan implementation and investigation activities.	
Title:	\$
Salary Calculation:	
Duties Description:	
Total Personnel Costs:	\$ 118,696

B. Operating Expenses	Total Budget
Title: Rent Expenses	\$ 7,910
Description: Lease expenses for office including minor improvements	
Title: Transportation	\$ 7,998
Description: County vehicle expenses and other travel expenses	
Title: Office Expenses	\$ 12,688
Description: Communication, Office supplies, Postage, insurance General Liability, Data processing, house hold expenses, small tools & Instruments, Special Department expenses.	
Total Operating Expenses:	\$ 28,596

C. Equipment Expenses	Total Budget
Title:	\$
Description:	
Title:	\$
Description:	
Title:	\$
Description:	
Total Equipment Expenses:	\$

D. Travel/Per Diem and Training	Total Budget
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Title:	\$
Description:	
Title:	\$
Description:	
Title:	\$
Description:	
Total Travel/Per Diem and Training:	\$

E. Subcontracts and Consultants	Total Budget
Title:	\$
Description:	
Title:	\$
Description:	
Title:	\$
Description:	
Total Subcontracts and Consultants:	\$

F. Other Costs	Total Budget
Title:	\$
Description:	
Title:	\$
Description:	
Title:	\$
Description:	
Title:	\$
Description:	
Title:	\$
Description:	
Total Other Costs:	\$

G. Indirect Expenses	Total Budget
Title: Indirect Cost Description: Cost allocation fee incurred by DA office , which is charged by county based on FTE's to this allocation.	\$ 5,751
Title: Description:	\$
Total Other Costs:	\$